



U.S. Department  
of Transportation  
National Highway  
Traffic Safety  
Administration

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Washington, D.C. 20590

Mr. Andreas H. Steglich  
Product Compliance Team Leader  
Volkswagen of America, Inc.  
3800 Hamlin Road  
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NSA-11paw  
99V-131

JUN 18 1999

Dear Mr. Steglich:

We have reviewed Volkswagen of America, Inc.'s (VWoA) Defect Information Report dated May 11, 1999, submitted in accordance with 49 CFR Part 573, "Defect and Noncompliance Reports." This recall involves 12,500 Volkswagen 1998 and 1999 Passat and 1997 through 1999 Audi A4 model vehicles equipped with 1.8T engines and automatic transmissions manufactured from October 1997 through February 1999. These vehicles are registered in the states of Alaska, Colorado, Connecticut, Illinois, Iowa, Maine, Michigan, Montana, Minnesota, Nebraska, New Hampshire, New York, North Dakota, South Dakota, Vermont, Wisconsin, and Wyoming. A control valve in the vacuum hose connecting the brake booster to the intake manifold may not open or close fully at temperatures below -4°F under certain driving conditions. This condition could cause insufficient vacuum to be provided to the booster. The assigned identification number for this recall is 99V-131 (Volkswagen Recall No. UH/Audi Recall No. KU).

VWoA is responsible for the remedy of these vehicles from this date forward, regardless of vehicle age, mileage, or ownership.

#### **Quarterly Status Reports**

As stated in Part 573.6, submission of the first of six consecutive quarterly status reports is required within one month after the close of the calendar quarter in which notification to purchasers occurs. Owner notification is expected to begin during July 1999. Therefore, the first quarterly report will be due in this office by October 30, 1999.

#### **NHTSA Regional Recall Policy**

In 1997, letters were sent to several major motor vehicle manufacturers pointing out the concerns of the National Highway Traffic Safety Administration (NHTSA) regarding safety recalls in which the manufacturer had limited the geographic scope of the recall. In that letter, it was noted that, as a general matter, safety-related defects must be remedied on a nationwide basis, unless the manufacturer can justify a limited geographic scope.

Since that time, NHTSA has considered the matter in depth and has developed the following policy guidelines with respect to such "regional recalls." The primary objective of this policy is to ensure that the owners of all vehicles for which a safety defect may cause adverse safety consequences have the opportunity to obtain a free remedy from the manufacturer.

In the past, manufacturers have proposed to conduct regional recalls under the following two general circumstances: (1) when the consequences of the defect occur as the result of a short-term or single exposure to a particular meteorological condition; and (2) when the consequences of the defect generally occur only after long-term or recurring exposure to environmental conditions. One common example of the latter category is a recall for a defect related to corrosion caused by road salt, but it also includes defects related to long-term exposure to temperature extremes or other environmental factors.

(1) Short-Term Exposure to Meteorological Conditions: NHTSA has concluded that, in general, it is not appropriate for a manufacturer to limit the scope of a recall to a particular geographical area where the consequences of the defect can occur after a short-term exposure to a meteorological condition, such as extreme heat or cold or severe precipitation. While it is true that these conditions are more likely to occur in some regions of the United States than in others, they can occur on an occasional basis over a widespread area. Moreover, if only a single or brief exposure to a particular condition can lead to a safety problem, vehicles from throughout the country will be at risk if they are temporarily located or operated within the designated "high-risk" area (e.g., on a business or vacation trip). In the past, safety-related defects of this nature have almost always been addressed by nationwide recall campaigns.

In recognition of the fact that the likelihood of experiencing a safety problem as a result of this type of defect is relatively low in certain regions of the country, NHTSA believes that in some cases it may be permissible for a manufacturer to modify the content of the owner notification letter that is sent to owners in those areas. Therefore, notwithstanding 49 CFR 577.8 ("Disclaimers"), the agency may act favorably on requests by manufacturers to include language in the letters to owners of vehicles in "low-risk" states (or portions of states) that indicates that the defect is unlikely to cause a safety problem if the vehicle is not exposed to the meteorological condition at issue. However, the letter must make it clear that the owner will be able to obtain a free remedy for the defect if he or she wishes.

We note that owners of vehicles that are unlikely to experience the specified meteorological condition would usually not be motivated to have the recall work completed. Therefore, ODI would not normally request a manufacturer to conduct a follow-up notification campaign solely on the basis of a low nationwide recall completion rate, and it would not include such recalls in its computation of average recall completion rates.

(2) Long-Term Exposure to Environmental Conditions: Proposals to conduct regional recalls in cases where the consequences of the defect occur only after recurring exposure to environmental factors raise different issues, since intermittent trips or freakish weather conditions will not create a safety problem. In such cases, if the manufacturer is able to demonstrate that the relevant environmental factor (or factors) is significantly more likely to exist in the area proposed for inclusion than in the rest of the United States, NHTSA will approve a regional recall. The manufacturer's justification for such a proposal should be based on objective factors, and not merely on differences in complaint rates among the states.

When such a regional recall is approved by the agency, the manufacturer will be required to send a notification letter to the owners of subject vehicles currently registered in the designated states (or portions of states) and, in some cases, to the owners of vehicles originally sold in the designated states. The manufacturer will only have to provide the free recall remedy to those vehicles. However, since it is possible that other vehicles may be exposed to the condition in question (e.g., because they are located in "border states" near the states covered by the recall or because they are regularly driven in those states), manufacturers must assure that vehicles from outside the designated area that experience a problem due to the defect are taken care of appropriately. We note that some manufacturers have implemented such a program by notifying their dealers that if a vehicle not covered by the recall exhibits the problem in question, the dealer should contact an appropriate official within the company to obtain approval to provide the recall repair to the consumer at no charge. In addition, since vehicles that are registered outside of the designated states at the time of the original notification campaign may subsequently be sold to residents within those states, in most cases, the agency will require manufacturers to conduct at least one follow-up notification, usually after two or three years, to ensure that owners who move into the area in question after the original notification campaign are aware of the recall and of the need to have the recall work completed.

During the past 10 years, the Office of Defects Investigation (ODI) has concurred in proposals by several manufacturers to conduct regional recalls to address safety problems caused by corrosion due to long-term exposure to road salt. Such salt is used predominantly in states located in the Northeast. However, different manufacturers have designated different states for inclusion in such recalls, without attempting to justify the particular states selected. We have reviewed several factors, including the use of road salt in the various states and the past practices of vehicle manufacturers, and have determined that, at a minimum, vehicles originally sold in or currently registered in the following states must be included in any regional recall related to corrosion caused by road salt: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, the District of Columbia, West Virginia, Ohio, Indiana, Michigan, Illinois, Wisconsin, Minnesota, Iowa, and Missouri.

I wish to reiterate that, manufacturers must discuss all proposals to limit the geographic scope of any recall with ODI prior to making any public statements regarding that scope.

### **Recall Communications**

Communications pertaining to safety recalls and issued by VWoA to more than one distributor, dealer, purchaser, or owner are to be submitted to this office within 5 days of issuance as described under 49 CFR Part 573.5(c)(9). Where this information is sent over a period time, the communications are to be submitted within 5 days from the date the communications were first sent, and furnish the date, or range of dates, each communication was issued. This includes information transmitted by computer, telefax, or other electronic means; and initial or interim communications. All copies are to be in readable form and a written transcript should be provided for each non-written communication. Also, if the communication was not nationally and uniformly distributed, then identify the criteria used for the distribution.